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## HOW TO FORM A NATIONAL FARM LOAN ASSOCIATION

### Government Bulletin Explains New Law Regarding Farm Loans

The Federal Farm Loan Act provides a way of getting mortgage loans for farmers at low rates of interest, at lengths of time to suit the borrower, and on easy terms of repayment. All farmers have to do is to form themselves into national farm loan associations. The Government will do its part in helping them. Farmers can easily form loan associations as prescribed by the new law.

Ten farmers may unite to form a national farm loan association. That is the least number the law allows, and farmers only can be members. If more than 10 get together for this purpose, so much the better. But if only 10 farmers are willing to join an organization to borrow on farm mortgage, that number satisfies the law.

Now, these 10 or more farmers in a community call a meeting. It may be held in a schoolhouse, a hall, a church, or in one of their houses most convenient for them all.

When the farmers have come together, they discuss the subject informally and decide to form themselves into an association to borrow money on mortgage. They appoint a committee to draw up articles of association. These articles should set forth the object of the association and the territory within which it proposes to do business. They may follow a prescribed form furnished by the land bank, or they may be modified to suit the needs of any particular body of farmers. But nothing can be included in the articles of association that is contrary to the letter and spirit of the law.

The farmers who thus unite themselves into a national farm loan association then sign the articles. A copy of them is made to be sent to the Federal land bank of the district within which the association is situated. When the articles of association are received by the land bank they are filed for further reference.

A loan committee of three members must be appointed to pass on loans. A written report is drawn up by them after they have examined the lands. The committee examines the farms and farm lands for the purpose of appraising their value. The report of this loan committee, signed by all three members, must be sent to the land bank with the articles of association. All three members must sign the report or it will be worthless. The land bank will not consider the request for loans unless all three members sign their report about the value of the farms. Their report should state distinctly that the said committee had examined the lands and appraised their values. The lands and farms should be described, and the value of those upon which the members desire loans should be stated.

It is very important that the loan committee put a just valuation on the lands. Care should be taken not to put the valuation too high nor too low. The former would be rejected by the land bank; the latter might prevent the farmer from getting as high a loan on his farm as he wanted.

Loan committees should remember that their appraisal is only preliminary; it is not binding on the Federal land bank of their district. For later on the land bank will send its own appraiser to fix his values on the same farms. It would be a fine thing for the members of the association if the two independent appraisements of the same farms should come close together.

It would prove to the officers of the land bank that they were dealing with an upright, intelligent body of farmers. That would be a moral and intellectual credit to the community. It certainly would help their financial credit. So loan committees should be fair at the beginning. Let them fix just values on the farms of those members who are asking for loans.

The report of the loan committee should also give any other information which would help the land bank to understand conditions in that community.

With the list of proposed members, the articles of association, and the report of the loan committee, an affidavit must be made out and sent to the Federal land bank. This affidavit must be signed and acknowledged by the members. It must also be signed and acknowledged by the secretary-treasurer, whose residence and post-office address must also be stated on the affidavit. This affidavit, thus signed and acknowledged by the members and the secretary-treasurer, should set forth that each subscriber is the owner of farm land, or is about to become the owner of a farm. That is; a person in the community may not be in actual possession of a farm, but expects to be in a short time, by purchase, the owner of the particular farm described in his application; in that case he could legally join the association and become a member. The affidavit should also state that the desired loans added together amount to \$20,000 or more.

The national farm loan associations are to be organized and run by farmers and for farmers. Persons not farmers need not apply for membership; they could not legally be admitted. For the law says that no one except farmers shall be members, and no one except farmers can borrow. The lowest sum any farmer can borrow is \$100; the highest is \$10,000. These are the limits fixed by law.

The associations will grow by the admission of new members. After the affidavit showing that the loans amount to \$20,000 or more, has been sent to the land bank and the farm loan association has become a corporate body through a charter being granted to it by the Federal Loan Board, a farmer who wants to borrow \$100 only can be admitted to membership. In fact, there is no limit to the growth of the association after the first ten or more have become a chartered association. Any farmer may be admitted to membership who wants to borrow on farm mortgage any sum ranging from \$100 to \$10,000. In this way the national farm loan associations will grow in numbers.

But farmers cannot join without buying shares in their association. The value of the shares is fixed at the low price of \$5 each. Every farmer who becomes a member of a national farm loan association also becomes a borrower and a shareholder at the same time. For the law says that he must subscribe for stock to the amount of 5 per cent of his desired loan. If he wants to borrow \$100, he must take 1 share of stock; if \$200, 2 shares; if \$1,000, 10 shares; and if \$10,000, 100 shares.

The borrower may pay in cash for his stock at the time he applies for membership, or he may wait until his loan is received and then pay for his stock from the loan. He may, if he wishes, even add the cost of his stock to the amount of his loan, providing this does not increase his loan above 50 per cent

of the appraised value of the land and 20 per cent of the permanent improvements thereon. But the owner must keep the buildings insured.

Each farmer is liable for the debts of his association to twice the par value of the stock he owns. One-half of this liability has already been paid as represented by his shares of stock held by the association. So that, in case of the failure of an association, a member who held one share would be liable for only \$5 more. Thus the members take little risk and reap all the benefits of co-operative mortgage credit.

The money the farmers pay their association for stock is turned over to the Federal land bank to buy stock in that bank for the association. The cash may or may not be sent in with the subscription for stock. If cash is sent, the secretary-treasurer of the association must procure it from the prospective borrowers. Each farmer pays his share according to the amount of his loan. For example, if one member wants to borrow \$500 and another wants to borrow \$1,000, the first one has to pay \$25 and the second one \$50. The subscription price of \$1,000 for the land bank stock is provided in this way.

If for any reason, however, any or all of the loans should not be granted by the land bank, the money paid in advance on account of stock subscriptions would be refunded. But the cash need not be sent in advance with the subscription made by the secretary-treasurer. When the loans are granted by the land bank, the amount of the subscription to the stock may be deducted from the total amount of the loans. In such case the balance is forwarded to the secretary-treasurer of the association.

Now, let the farmer members understand this, that the associations and not they are the owners of the stock in the Federal land bank, and this plan is adopted that the associations may ultimately become the sole owners of the Federal land banks. This stock is held by the land bank as part security for the loans granted to the association. This plan makes the borrowers indirectly part owners of the land banks with the Government from the beginning, and through these co-operative organizations provides the method whereby they ultimately become the exclusive owners.

When the application for the charter is sent to the land bank, it must state that a temporary organization has been formed. This temporary organization elects a board of directors, a loan committee, and a secretary-treasurer. The board of directors must consist of not less than five members; the loan committee must consist of three members. The board of directors elects a president, vice president, loan committee, and secretary-treasurer. The last named officer need not be a member of the association or resident of the district, but the others must be members and residents. The secretary-treasurer receives a small salary, which is fixed by the board of directors. All other officers are supposed to serve without pay, unless the payment of salaries is approved by the Federal Farm Loan Board.

If a farmer has a mortgage on his farm and borrows money from the land bank, his mortgage lien must be the first thing paid off with the money. If any surplus of his loan remains, he can apply it for the purchase of fertilizers or live stock, the construction of a silo, the building of a barn, the erection of poultry houses, or for any other purpose which will improve the farm's value.

But, if a farmer has no mortgage on his farm and desires to borrow for improving it in any of the ways mentioned above, he can borrow money from the land bank by giving a first mortgage on his farm.

The practical work of a national farm loan association is done by the secretary-treasurer. He writes and answers letters, keeps the books, handles the funds, secures the loans from the land bank, pays over the money to the borrowers, and does all the active work of the association for the members.

The loans are made on first mortgages on farm lands. The mortgages may run not less than 5 years nor more than 40 years. The borrower himself decides the length of time his loan shall run. The interest can not exceed 6 per cent and may be lower. Every six months, or once each year, the farmer pays the installment on his debt. This includes interest, part of the debt itself, and a small amount to cover expenses of the association. The secretary-treasurer makes the collections, gives his receipt for them, and sends the money collected to the Federal land bank. Thus most of the work of the association is done by this officer. That is why he is allowed a small salary.

The Federal land bank which receives the application for loans and other papers from the association then sends an appraiser to examine the land and the financial condition of the proposed borrowers. If these conditions are found satisfactory, the land bank forwards the papers to the Federal Farm Loan Board with their recommendation. On approval by the Federal Farm Loan Board, a charter is granted to the applicants to do business in their district, the charter being forwarded to the association by the Federal land bank.

When the charter has been granted, the association can borrow money of the land bank. The mortgages are then prepared and delivered to the secretary-treasurer, who forwards them to the Federal land bank of the district. On its part, the land bank sends the money for the loans to the secretary-treasurer of the association. He in turn delivers the proper amount of money to the respective borrowers and the farm mortgages transaction is closed. The farmer has thus been enabled to borrow money on first mortgages with practically no trouble or expense on his part.

In this way the farmers themselves become the owners and directors of the national farm loan associations. They become investors as well as borrowers. The Government has not only made the way easy, but it helps the farmers to reap the benefits of the profits derived from their own united efforts of borrowing.

But more than this. By becoming subscribers to the capital stock of the Federal land bank of their district, with the associations have to do when applications for loans are made, the farmer members of the national farm loan associations will ultimately become the owners of the land banks also, for the Government will gradually withdraw its stock holdings from the Federal land banks and leave their ownership with all their profits entirely in the hands of the farmers themselves.

Let it be plainly understood that farmers can form their preliminary organizations at once. They can have their directors chosen, as well as their president, vice president, loan committee, and secretary-treasurer. But they can not receive their charter, nor can they borrow money of the land banks until these have been located and organized. This may take several months. But, if the farmers have all the preliminary work done ahead, they can make their applications to the land bank as soon as it is organized. This will help them to get their loans quicker than if they put off organizing until the land banks are located. Let 10 or more farmers in every community go ahead at once and form a temporary organization. It will help them and it will facilitate the work of organization.

### Real Estate Transfers

Lester A. Williams has bought the Wm. A. Goodman place north of town.

A. G. Parker has bought the old John Bledsoe place in the Mestena from R. L. Shaw, and the Thomas place adjoining it.

John H. Cumiford has bought the Robert A. Makings place on the mesa south of town.

Edgar G. Ingraham has bought the Tabet place adjoining his homestead on the west.

### WILSON WINS BY POPULAR MAJORITY OF ABOUT A MILLION

Latest returns obtainable on the recent election indicate that Wilson has been re-elected, having received a million more popular votes than did Hughes. When bulletins showed New York, Illinois and Indiana in the Hughes column, reports went forth that Hughes was elected without a doubt, as it was not thought possibly that a president could be chosen without the electoral vote of these states. But with thirty states falling in line for Wilson, there were only seventeen left for Hughes. In several states the election was so close that practically every precinct report was necessary to tell which way the electoral vote would go. California, New Hampshire, Minnesota and New Mexico were the last to report.

In the state, De Baca has the best of it over Bursum, while Lindsey has defeated McDonald. The final count may change the present figures, as regards the state officers, but apparently the democrats have elected a majority of their candidates. Roberts has been returned to the supreme bench, Ervien retains his place as land commissioner, and Wagner will be superintendent of public instruction, and Sargent will continue to hold down the job of auditor. In the case of some of these, the majorities are so small, that it is possible that the official count to be made next week, may change the result, but this is hardly probable.

In the county, complete returns have been very slow in coming in. It has been conceded that the entire republican ticket is elected, but we have not as yet been able to secure figures as to majorities.

### Seven More Cars of Beans

Seven more cars of beans were billed out during the past week by the local Santa Fe agent, making a total of fifty-seven to date. Several more are loading. The demand is steady and shipments will continue for several weeks more. The threshers are still busy and will be for a month or more.

### Cafeteria Lunch

The Mountainair Ladies Aid Society will serve a Cafeteria Lunch at the church, 6 p. m. on Friday, December 8th. We shall make an effort to have this the very best yet. Get us on your list now.—Ad.

## THANKSGIVING PROGRAM Chapman School

On Friday evening, November 24th, a "Pie Social" and Thanksgiving entertainment will be given at the Chapman School House, District No. 38. The following program will be rendered:

Piano Solo	Mrs. Martin
Thanksgiving Hymn	Our School
Recitation	Maurine Mulvaney
Recitation	Chester Dressler
Recitation	Pearl Fitzgerald
Instrumental Music	Mr. Marble
Drill	The Little Cooks
Recitation	Oren Dressler
Recitation	Bernice Mulvaney
"Cheer, All Cheer,"	Our School
Recitation	Lola Dressler
Recitation	Geraldine Mulvaney
Piano Solo	Mrs. Martin
Recitation	Arthur Dressler
Recitation	Mary Harris
Flag Drill	Our School
GOOD MUSIC	GOOD PIES
EVERYBODY COME	GOOD TIME
	MRS. MULVANEY, Teacher.

### OPERA CHAIRS FOR HIGH SCHOOL AUDITORIUM ARRIVE

The new opera chairs for the auditorium have arrived and will be installed soon. The children may then enjoy the morning exercises for which they have been anxiously waiting. When arrangements have been completed for this morning session, the general public will be welcome. The exercises will consist of singing, readings, essays, compositions and general talks by the teachers and visitors, who might be willing to do so. Announcement will be made later.

On last Friday evening, Judge and Mrs. M. B. Fuller entertained the teachers and several of the high school students, at their home in Barranca Canon. Refreshments and games made the evening pass all too quickly. Among the guests were: Mrs. Veal, Mrs. McNeese, Miss Hoyland, Mr. Woodward, Misses Hazel Doyle, Anna Doyle, Lois Hollon and Bernice Orme, and Messrs. John Doyle and Wm. Dyer.

The teachers and pupils are arranging for a combined "Riley" and Thanks giving program. This entertainment will be held in the Auditorium of the School building on Thursday evening, November 23 at 7:30 o'clock. The proceeds will be used to beautify the interior of the building and furnish play apparatus for the smaller children. The admission will be: Adults, 25 cents; children 10 cents.

W. R. Orme, president of the Board of Education, was a pleasant visitor on Tuesday of this week. Mr. Orme is anxious for the comfort of the children and was checking over the heating system on one of our coldest mornings.

The total enrollment has reached 130, with more promised for next week.

### H. B. Scott Died at Gallup

Prof. H. B. Scott principal of the Gibson school, died at Gallup, on Monday of last week. He had been compelled to give up his work in the school-room on Thursday, but thought a day or two of rest would restore him to usual health. He took to his bed, suffering intensely. Early Monday morning, death came to his relief. The funeral was held in Gallup, interment being in a local cemetery.

Mr. Scott had been principal of the Mountainair school a year ago, having gone to Gibson last autumn. His work there is reported as quite satisfactory, he having taken a deep interest in the school. He had made numerous friends who mourn his demise.